

TEACHERS' RETIREMENT BOARD  
SUBCOMMITTEE ON CORPORATE GOVERNANCE

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SUBJECT: Approval of Minutes of the July 10, 2002  
Subcommittee on Corporate Governance, Open Session

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION:   X  

DATE OF MEETING: October 2, 2002

INFORMATION:           

PRESENTER(S): Chairperson

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Proposed minutes of the Subcommittee on Corporate Governance meeting held in open session July 10, 2002 are submitted as Attachment 1.

**PROPOSED  
MINUTES OF THE  
SUBCOMMITTEE ON CORPORATE GOVERNANCE  
OF THE  
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM  
JULY 10, 2002  
OPEN SESSION  
BOARD ROOM  
7667 FOLSOM BOULEVARD  
SACRAMENTO, CALIFORNIA**

**SUBCOMMITTEE MEMBERS PRESENT**

Philip Angelides, State Treasurer, Chairperson  
George Fenimore  
Karen Russell  
Jay Schenirer  
Carolyn Widener  
Annette Porini, representing State Director of Finance, Tim Gage  
Kathleen Connell, State Controller  
Richard Whitmore, representing State Superintendent of Public Instruction, Delaine Eastin

**OTHER BOARD MEMBERS AND REPRESENTATIVES PRESENT**

Gary Lynes  
Ted Eliopoulos  
Christine Solich  
Louis Willhoit

**STAFF PRESENT**

Jack Ehnes, Chief Executive Officer  
Christopher Ailman, Chief Investment Officer  
Elleen Okada, Director of Investment Administration and External Relations  
Chris Waddell, Chief Counsel  
Doug Wills, Staff Counsel  
Ed Derman, DCEO, External Affairs and Program Development  
Janice Hester Amey, Principal Investment Officer  
Mary Ann Avansino, Administrative Assistant

**OTHERS PRESENT**

Ian Lanoff, Groom Law Group  
Allan Emkin, Pension Consulting Alliance  
Dorothy Moser, CTA/NEA, Retired  
Michael Green, CTA  
Pat Geyer, CRTA  
Beverly Carlson, CTA  
Lois Shive, CTA  
Dennis Shive, ESTA  
Edna White, CRTA  
Bill Collins, CTA

A quorum being present, Mr. Eliopoulos, called the open session meeting to order at 8:40 a.m.

- I. **ANNOUNCEMENTS** (Item 2)  
There were no announcements.

II. **APPROVAL OF MINUTES OF THE JUNE 5, 2002 SUBCOMMITTEE ON CORPORATE GOVERNANCE, OPEN SESSION** (Item 3)

MOTION duly made by Ms. Porini, seconded by Mr. Whitmore and carried to approve the minutes of the June 5, 2002 Subcommittee on Corporate Governance, Open Session as presented.

Mr. Angelides arrived at the meeting at 8:42 a.m.

III. **FINANCIAL MARKET REFORM** (Item 4)

Mr. Derman reviewed pending legislation related to financial market reform.

Ms. Hester Amey reviewed proposed modifications to the preamble of the Financial Responsibility Criteria for Corporate Investments that incorporated The State and Public Pension Fund Investment Protection Principles. Discussion ensued.

MOTION duly made by Ms. Widener, and seconded by Mr. Schenirer to adopt the Financial Responsibility Criteria for Corporate Investments that incorporate The State and Public Pension Fund Investment Protection Principles into the preamble as presented.

Discussion ensued.

Chairperson Angelides recommended amended clarifying language to the proposed changes to read Preamble A. ...“In retaining and evaluating any such financial organization, CalSTRS will give significant consideration to whether such organization has adopted the Investment Protection Principles”, and B. ...”CalSTRS will give significant consideration, in retaining and evaluating money managers, as to whether such managers are abiding by the following”.

AMENDED MOTION duly made by Ms. Widener, and seconded by Mr. Schenirer to adopt the Financial Responsibility Criteria for Corporate Investments that incorporate The State and Public Pension Fund Investment Protection Principles into the preamble as amended.

Roll call vote on the MOTION:

|                               |     |
|-------------------------------|-----|
| George Fenimore               | YES |
| Karen Russell                 | YES |
| Jay Schenirer                 | YES |
| Carolyn Widener               | YES |
| Annette Porini for            |     |
| Tim Gage                      | YES |
| Louis Willhoit for            |     |
| Kathleen Connell              | YES |
| Richard Whitmore for          |     |
| Delaine Eastin                | YES |
| Philip Angelides, Chairperson | YES |

The motion CARRIED with 8 members voting YES.

IV. **WORKPLAN COMPANIES UPDATE** (Item 5)

Ms. Hester Amey reported that staff had met with Primedia.

Chairperson Angelides discussed an IRRC study regarding companies doing business in terrorist states. Mr. Ailman distributed a handout of an initial analysis of the IRRC identified companies and CalSTRS holdings. Staff will provide the Committee with updates to the Exposure in Companies with Ties to Terrorism and Proliferation analysis as they occur.

Dr. Connell arrived at the meeting at 9:40 a.m.

V. **DRAFT AGENDA FOR THE OCTOBER SUBCOMMITTEE ON CORPORATE GOVERNANCE MEETING** (Item 6)

The only change to the draft agenda was the addition of a proxy voting report to be added as Open/Information.

VI. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC** (Item 7)

There were no additional statements from the public.

VII. **MOVE TO CLOSED SESSION**

Chairperson Angelides recessed the meeting and reconvened into closed session at 9:45a.m.

VIII. **ADJOURNMENT**

Chairperson Angelides stated that while in closed session the Subcommittee approved closed session minutes. There being no further business to conduct, the meeting was adjourned at 9:51 a.m.

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Jack Ehnes, Chief Executive Officer and Secretary to the Teachers'  
Retirement Board

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Philip Angelides, Chairperson